GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:708
ANSWERED ON:28.07.2006
BANKS UNDER MORATORIUM
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has placed some of the banks in the recent past under moratorium;

(b) if so the details thereof; and

(c) the steps taken to protect the interests of the depositors against misuse of funds?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) On the recommendation of Reserve Bank of Indi~ Government of India has issued an order of Moratorium on 6th July, 2006 in respect of The Ganesh Bank of Kurundwad Ltd. (GBKL) under Section 45(2) of the Banking Regulation Actt 1949 for a period of three months w.e.f. 7th July, 2006 to 6th Octobert 2006.

(c) In order to protect the interests of the depositors against misuse of fundst RBI has taken various regulatory and supervisory steps such as prohibition of loan and advances to directors and their relativest prohibition on loan to stock brokers against security of sharest imposition of direction under Banking Regulation Act, 1949 placing restrictions on payment of deposits to pre-empt preferential payments in case of liquidity crunch etc. Besidest an order of moratorium may prohibit bank from grant of loan and advances, incur any liability make any investment or agree to or disburse any amount, enter into any compromise or arrangement except as otherwise provided in that order.